

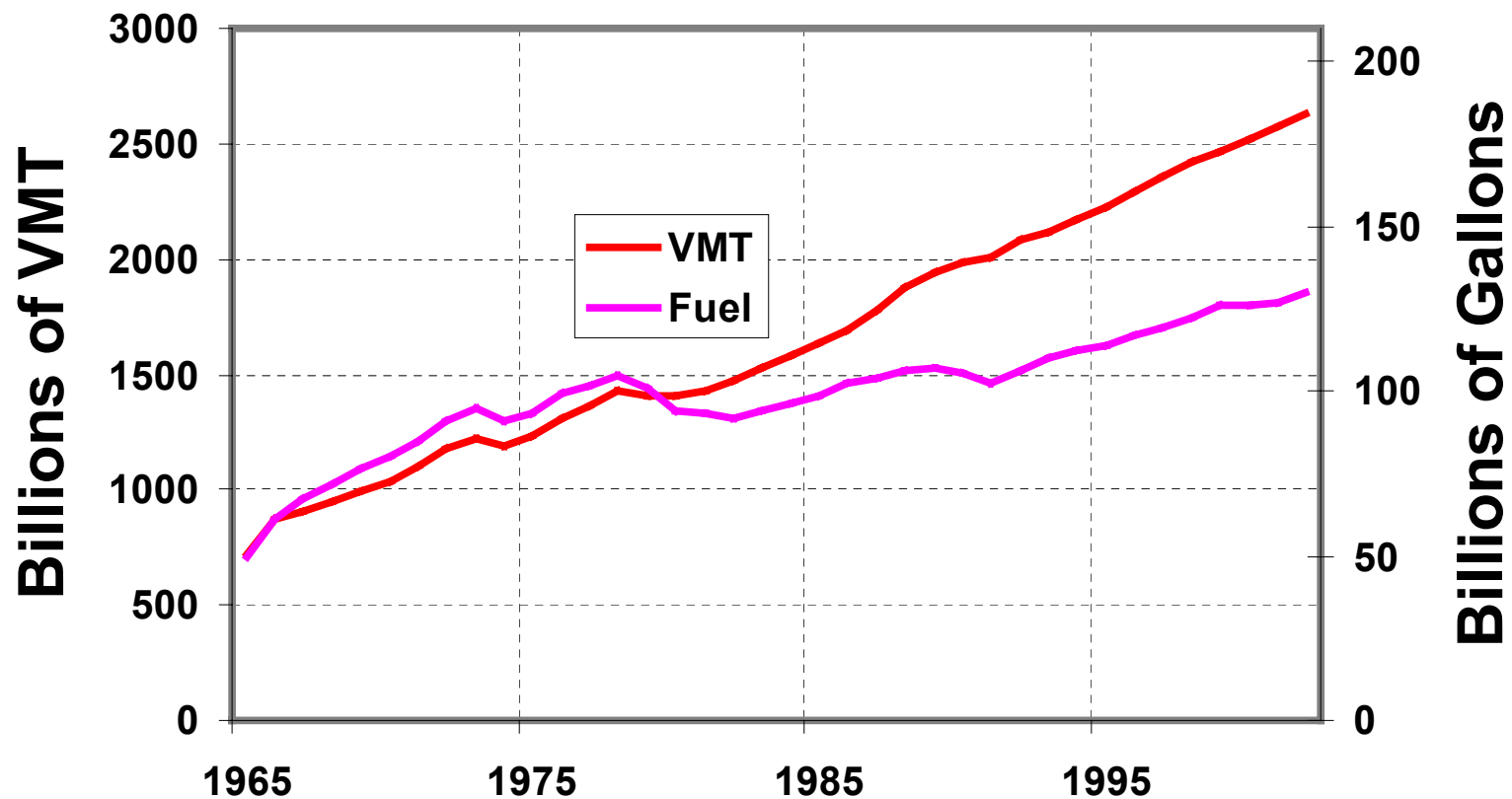
Clean Cities Washington Day 2004 Fuel Economy Opportunities

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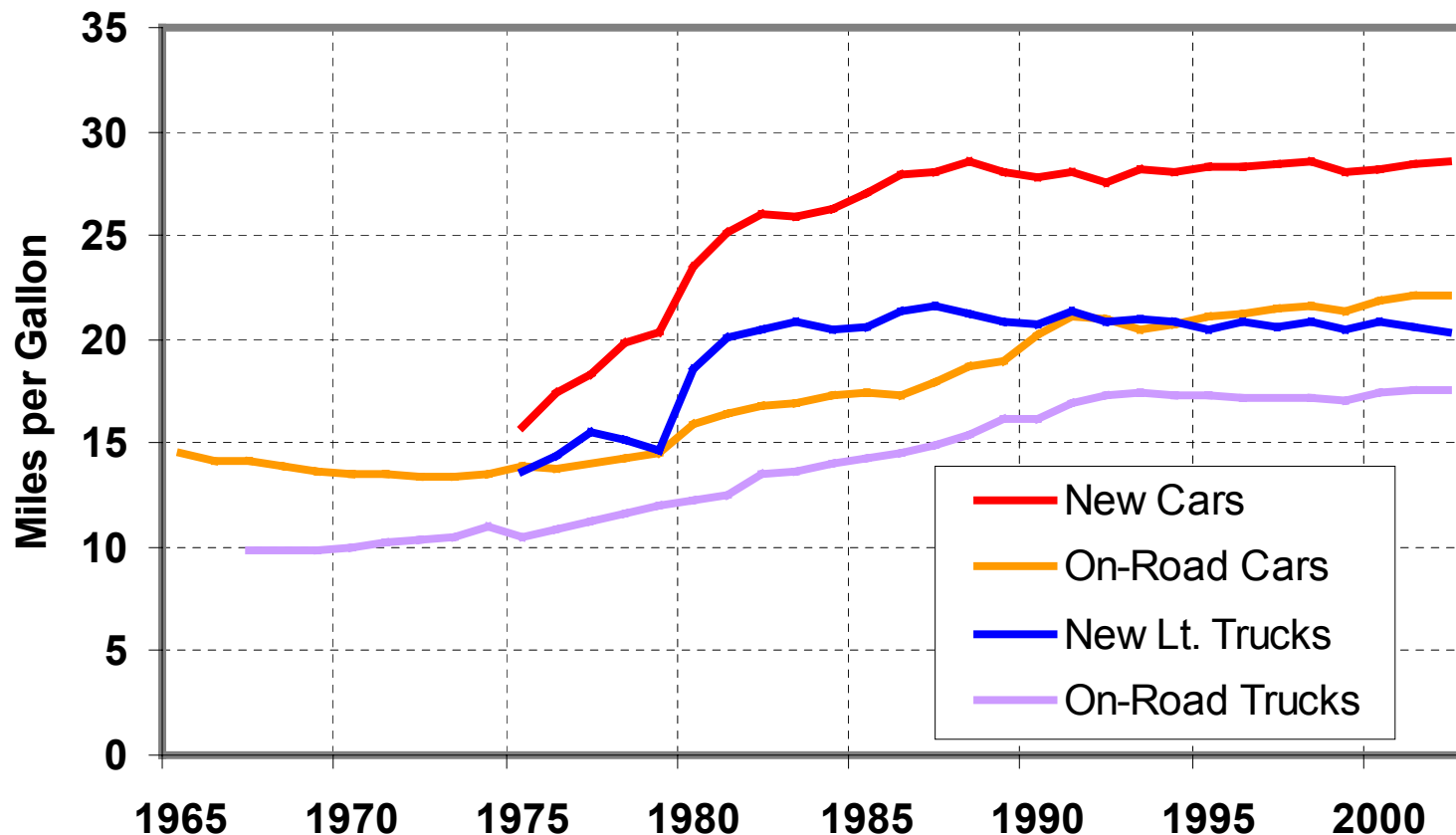
Fuel economy matters. Gains since 1978 are now saving 40-50 billion gallons each year (~3mmbd).

**Passenger and Light Truck VMT and Fuel Use,
1965-2002**



There has been no improvement in new light-duty vehicle fuel economy since the 1980s.

**Passenger and Light Truck Fuel Economy,
1965-2002**



The public has a significant interest in improving fuel economy.

POLICIES IN PLACE:

- ▶ CAFE Standards
- ▶ Fuel economy testing, labeling, & **INFORMATION**
- ▶ Incentives for advanced technology, energy-efficient vehicles

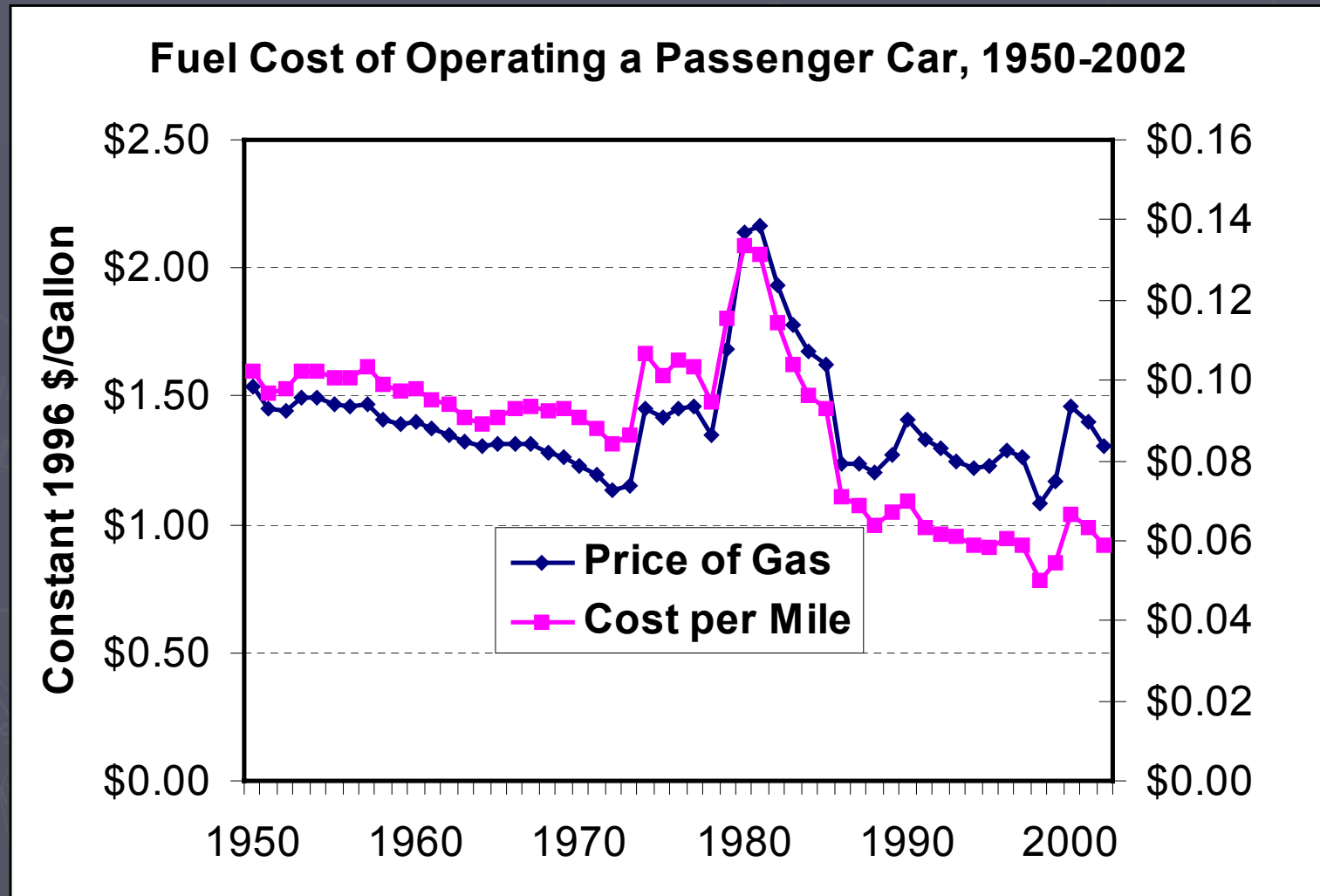
WHY WE CARE:

- ▶ Oil Dependence
- ▶ Greenhouse gas emissions
- ▶ Sustainable energy for transportation
- ▶ Air pollutant emissions

Manufacturers believe consumers have little interest in fuel economy.

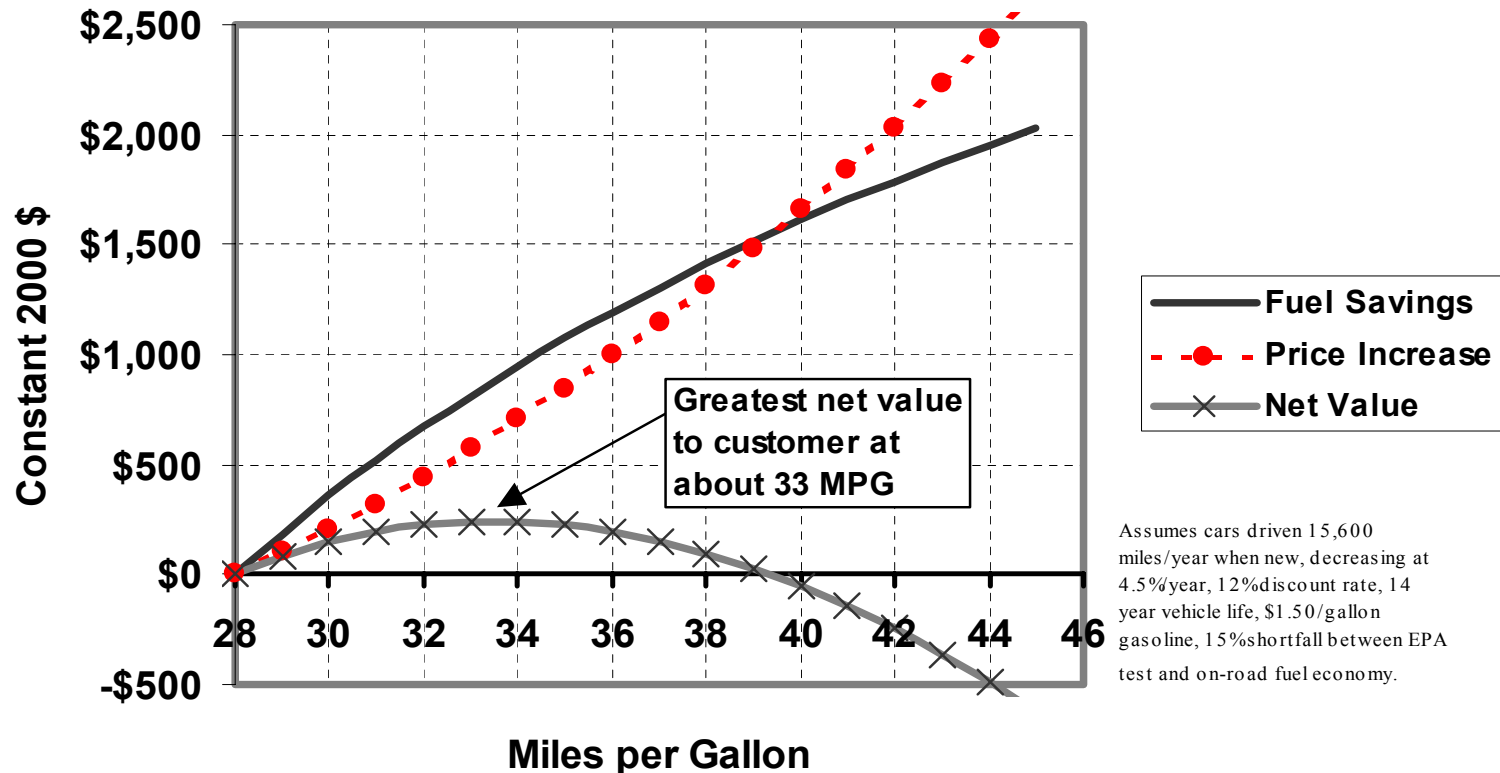
- ▶ Manufacturers believe consumers will pay for no more than 2-4 years worth of fuel savings.
- ▶ Real fuel costs are as low as ever, costs relative to income are at historic lows.
- ▶ Few consumers think of fuel economy in terms of buying advanced technologies.

Gasoline prices are providing the weakest signal 50 years.



Research shows consumers don't think in terms of trading off increased price versus future fuel savings, but rather of giving up size or performance.

Price and Value of Increased Fuel Economy to Passenger Car Buyer, Using NRC Average Price Curves



What's the problem?

- ▶ New car buyers don't accurately value fuel savings over the full life of a vehicle?
- ▶ Consumers lack opportunities to buy higher MPG without compromising attributes?
- ▶ Consumers don't understand the economic and environmental benefits of fuel economy?
- ▶ The price of gasoline does not reflect its full social costs?

The Clean Cities goal is a win/win/win to save 2 million barrels per day by 2025.

- ▶ Develop a Clean Cities message on fuel economy, oil, GHGs, sustainable energy and pollution.
- ▶ Develop Clean Cities products and services on fuel economy.
- ▶ Carry out **research** to be sure we correctly understand consumers' needs for fuel economy information, and how they use it.
- ▶ Working with others, educate the public:
 - True economic value of fuel economy to car buyers
 - Benefits to the environment and energy security
- ▶ Improve the quality and delivery of fuel economy information.
- ▶ Promote advanced technology, energy-efficient vehicles.

What strategies can Clean Cities pursue?

- ▶ **Your ideas for Clean Cities products and services.**
- ▶ Public education
 - PBS Motorweek program on fuel economy
 - On-line, visual “encyclopedia” (how a hybrid works, how vehicles are tested, etc.)
- ▶ Increase the visibility of fuel economy information for used vehicles.
- ▶ Make it easier for car buyers to take advantage of incentives for clean, fuel-efficient vehicles.
- ▶ Work with EPA and DOT to make fuel economy data available for heavier light trucks and other vehicles.
- ▶ Develop data on in-use fuel economy.

THANK YOU.



Consumers counting only 3 years of fuel savings would not be interested in higher fuel economy.

Price and Value of Increased Fuel Economy to Passenger Car Buyer, Using NRC Average Price Curves With a 3-Year Simple Payback

